GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:518
ANSWERED ON:18.11.2016
Investigation against Companies
Sathyabama Smt. V.

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether the Government has ordered any investigation into the affairs of companies found to be involved in Chit Fund/ MLM/ Ponzi activities;

(b) if so, the details and the current status thereof, State-wise; and

(c) the steps taken by the Government for providing new provisions in the Companies Act, 1956 or 2013 relating to Chit Funds or 'Chit Fund Companies' and to expedite the process of investigations?

Answer

THE MINISTER OF STATE IN THE (SHRI ARJUN RAM MEGHWAL)
MINISTRY OF CORPORATE AFFAIRS

(a) to (c): There are no provisions in the Companies Act, 1956 or 2013 relating to Chit Funds or 'Chit Fund companies'. Provisions to this effect are contained in the Chit Funds Act, 1982 which is a Central Act administered by the Ministry of Finance (Department of Financial Services) but its implementation vests in the State Governments concerned who register entities running Chit Funds and regulate their affairs and proceed against violators including companies running Chit Funds without such registrations. The Central Government has however, inter- alia, investigated affairs of 185 companies falling into the category of so called Chit Funds/MLM/Ponzi activities for violation of the Companies Act through Serious Fraud Investigation Office (SFIO) during the last three years and current year. A list containing State-wise details of companies where investigations have been ordered through SFIO and their status is enclosed as Annexure-I.

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